

rules. Grantee shall have a publicly listed toll-free telephone number which shall be operated so as to receive calls on a twenty-four (24) hour-a-day, seven (7) days-a-week, 365 days a year basis. During normal business hours, trained representatives of Grantee shall be available to respond to Subscriber inquiries.

- b. Grantee shall maintain adequate numbers of telephone lines and personnel to respond in a timely manner to schedule service calls and answer Subscriber complaints or inquiries in a manner consistent with regulations adopted by the FCC.
 - c. Subject to Grantee's obligations pursuant to law regarding privacy of certain information, Grantee shall prepare and maintain written records of all complaints received from Grantor and the resolution of such complaints, including the date of such resolution. Such written records shall be on file at the office of Grantee. Grantee shall provide Grantor with a written summary of such complaints and their resolution upon request of Grantor. As to Subscriber complaints, Grantee shall comply with FCC record-keeping regulations, and make the results of such record-keeping available to Grantor upon request.
 - d. Service call appointments must be met in a manner consistent with FCC standards. Grantee may schedule appointments for Installations and other service call either at a specific time or, at a maximum, during a four hour time block during normal business hours. Grantee may also schedule service calls outside normal business hours for the convenience of customers. Grantee shall use its best efforts to not cancel an appointment with a customer after the close of business on the business day prior to the scheduled appointment. If the installer or technician is late and will not meet the specified appointment time, he/she must use his/her best efforts to contact the customer and reschedule the appointment at the sole convenience of the customer.
 - e. Grantor may impose additional customer service requirements in accordance with and to the extent permitted by applicable law.
5. **Subscriber Contracts.** Upon request Grantee shall file with Grantor any standard form Subscriber contract utilized by Grantee.
6. **Refund Policy.** In the event a Subscriber establishes or terminates service and receives less than a full month's service, Grantee shall prorate the monthly rate on the basis of the number of days in the period for which service was rendered to the number of days in the billing.

SECTION 6.

ACCESS CHANNEL(S) PROVISIONS

1. **Grantor Responsibility.** The Grantor or its designee will be responsible for programming on four (4), six (6) MHz analog channels to be designated as Public, Educational or Governmental Access Channels and such additional Channels as Grantor may require pursuant to Minn. Stat. §238.084, Subd. 3(a)(2). Grantee must continue to designate channels 3, 10, 12 and 22 for such purposes. Those channels may be relocated one time within three (3) years of the effective date of this Franchise without Grantor's consent provided, however, that such channel designation for those four channels is not higher than 25 on the lineup. Grantee shall reimburse all reasonable expenditures incurred by Grantor as a result of such relocation. Additionally, said Channels may be relocated with Grantor's written consent. Grantee shall ensure that the signal quality of all such channels shall meet all applicable technical standards. Grantor will also be responsible for all equipment, training, support and management of such channels. Grantor will assume the responsibility on a date in the year 1999 mutually acceptable to Grantee and the Grantor, pursuant to an Access Transfer Agreement mutually agreed to by the Grantor and Grantee.
2. **Grant.** Grantee will provide to Grantor a PEG equipment grant (First PEG Equipment Grant), no later than July 31, 1999 in the amount of \$125,000 consisting of \$109,647.84 (minus any interest earned on the escrow fund from February 17, 1999 through July 31, 1999) in cash plus the balance of the escrow fund existing on February 17, 1999. In addition, Grantee will provide to Grantor a PEG equipment grant no later than January 15, 2000 (Second PEG Equipment Grant) which shall be in the amount of \$125,000 consisting of \$95,986.32 in cash plus a credit of \$29,013.68 for programming equipment capital expenditures made by Grantee between November 20, 1998 and February 17, 1999. The First PEG Equipment Grant and Second PEG Equipment Grant shall be used as deemed appropriate by the Grantor or its designee. Neither of the First PEG Equipment Grant, nor Second PEG Equipment Grant shall be recovered by Grantee from the PEG Fee set forth in Section 6(5) below. In addition, at the option of Grantor, exercised through written notice to Grantee, Grantee shall provide a PEG Equipment Grant on the seventh anniversary of the effective date of this Franchise ("Third PEG Equipment Grant) in the amount of \$50,000 which, at Grantee's option, shall be recovered through inclusion in the PEG Fee set forth below in Section 6(5), adjusted accordingly. Grantor shall assume Grantee's studio lease and its obligations through December 31, 1999. Within six months after completion of upgrade of the system, at no charge to Grantor, Grantee will install the Institutional Network into a new studio location determined after consultation with Grantee (anticipated to be within 1 mile of active Institutional Network plant).
3. **Modulators.** Grantee will provide 5 modulators to Grantor for its use as replacement for existing installations as needed.

4. **Transfer of Title.** On a mutually agreed upon date in the year 1999 Grantee will transfer *full title to all production and studio equipment, as is, to the Grantor or its designee.* Notwithstanding the above, this shall include a total of six(6) character generators in good operating condition. Responsibility for on-going repair and maintenance, including government access equipment will be that of the owner of the equipment.
5. **PEG Fee.** A PEG Fee of \$1.25 per customer per month will be a line item on customer's bills and passed through to all video customers and paid to the Grantor on a quarterly basis as support for access. At Grantor's option, this PEG Fee may be increased by Grantor to no more than \$1.40 per month commencing no earlier than the first anniversary of the effective date of this Franchise. After the sixth anniversary of the effective date of this Franchise the PEG Fee may be increased by Grantor once per year in an amount up to an additional 3.5% per year or the percentage increase in the Consumer Price Index for the prior year, whichever is less. Grantor shall coordinate any annual PEG Fee adjustment with Grantee's schedule of rate adjustments. The revenue from the PEG Fee set forth herein is tendered to the Grantor in its entirety and shall in no way limit Grantee's right, to recover from customers, all other costs of requirements of this Franchise as franchise-related costs in accordance with applicable law and regulation.
6. **Regional Channel 6.** Grantee shall designate standard VHF Channel 6 for uniform regional channel usage, to the extent required by state law.
7. **State and Federal Law Compliance.** Satisfaction of the requirements of this Section 6 satisfies any and all of Grantee's state and federal law requirements of Grantee with respect to PEG access.

SECTION 7.

INSTITUTIONAL SERVICE PROVISIONS

1. As of the time of the completion of the System upgrade Grantee shall provide an Institutional Network connection to the buildings set forth below:
 - Stillwater City Hall
14168 N. 57th St.
Stillwater, MN 55082
 - Bayport City Hall
294 N. 3rd St.
Bayport, MN 55003

- Oak Park Heights City Hall
14168 57th St. N.
Oak Park Heights, MN 55082
- Stillwater Public Library
223 N. 4th Street
Stillwater, MN 55082
- Bayport Public Library
582 N. 4th Street
Bayport, MN 55003
- Washington County Historic Courthouse
101 W. Pine St.
Stillwater, MN 55082
- Washington County Government Center
14949 62nd St. N.
Stillwater, MN 55082
- St. Croix Valley Recreation Center
1675 Market Street
Stillwater, MN 55082
- Stillwater Area High School
5701 N. Stillwater Blvd.
Stillwater, MN 55082
- Stillwater Jr. High School
523 W. Marsh St.
Stillwater, MN 55082
- District 834/Central Services Office
1875 S. Greeley St.
Stillwater, MN 55082
- St. Michael's Church
611 S. 3rd St
Stillwater, MN 55082

- Trinity Lutheran
115 N. 4th St.
Stillwater, MN 55082
2. After consultation between Grantor and Grantee, Grantee will extend the Institutional Network and Subscriber Network to the location of the new public access studio at no charge to the access center. Grantee shall provide one outlet of Basic Cable Service and one two-way MediaOne Express Cable modem and monthly service, or its equivalent, at no charge to the new public access studio.
 3. Grantee will connect any of the following institutional buildings to the upgraded Institutional Network within nine months after receipt by Grantee of a written request by the Grantor and commitment on the part of the affected institution to pay Grantee's costs over and above the first 500 feet of any required Institutional Network extension and connection necessitated thereby:
 - Anderson Elementary
309 N. 4th St.
Bayport, MN 55003
 - Lily Lake Elementary
2003 W, Willard St.
Stillwater, MN 55082
 - Oak Park Elementary
6355 N. Osman Ave.
Stillwater, MN 55082
 - Rutherford Elementary
115 Rutherford Road
Stillwater, MN 55082
 - Stonebridge Elementary
900 N. Owens St.
Stillwater, MN 55082
 - St. Croix Catholic School
621 S. 3rd St.
Stillwater, MN 55082

- Salem Lutheran School
14940 62nd St. N.
Stillwater, MN 55082
- New Heights Charter School
614 West Mulberry Street
Stillwater, MN 55082
- St. Croix Alternative Learning Center
5640 Memorial Ave. N. Suite A
Stillwater, MN 55082
(at its current address and upon written consent of the landlord)

4. Within six (6) months of the completion of the System upgrade, Grantee will provide basic cable service and installation of one outlet at no charge to the following institutional buildings:

- Stillwater City Hall
14168 N. 57th St.
Stillwater, MN 55082
- Bayport City Hall
294 N. 3rd St.
Bayport, MN 55003
- Oak Park Heights City Hall
14168 57th St. N.
Oak Park Heights, MN 55082
- Stillwater Fire Department
216 N. 4th Street
Stillwater, MN 55082
- Bayport Fire Department
301 N. 2nd Ave.
Bayport, MN 55003
- Stillwater Joint Cable Commission
1941 S. Greeley St.
Stillwater, MN 55082

- Stillwater Public Library
223 N. 4th Street
Stillwater, MN 55082
- Bayport Public Library
582 N. 4th Street
Bayport, MN 55003
- # 834 School Dist. Central Service Bldg.
1875 S. Greeley St.
Stillwater, MN 55082
- Washington Co. Historic Courthouse
101 W. Pine St.
Stillwater, MN 55082
- Stillwater High School
5701 N. Stillwater Blvd.
Stillwater, MN 55082
- Stillwater Jr. High
523 W. Marsh St.
Stillwater, MN 55082
- Stonebridge Elementary
900 N. Owens St.
Stillwater, MN 55082
- Anderson Elementary
309 N. 4th St.
Bayport, MN 55003
- Lily Lake Elementary
2003 W. Willard St.
Stillwater, MN 55082
- Oak Park Elementary
6355 N. Osman Ave.
Stillwater, MN 55082
- Rutherford Elementary
115 Rutherford Road
Stillwater, MN 55082

- St. Croix Catholic School
621 S. 3rd St.
Stillwater, MN 55082
- Salem Lutheran School
14940 62nd St. N.
Stillwater, MN 55082
- New Heights Charter School
614 West Mulberry Street
Stillwater, MN 55082

5. Grantee will make one two-way MediaOne Express Cable modem and monthly service, or its equivalent, available to the following institutional buildings at no charge to the institution, 6 months after the later of completion of the upgrade or introduction of such service throughout the Central St. Croix Valley service area on a commercial basis:

- Stillwater City Hall
14168 N. 57th St.
Stillwater, MN 55082
- Bayport City Hall
294 N. 3rd St.
Bayport, MN 55003
- Oak Park Heights City Hall
14168 57th St. N.
Oak Park Heights, MN 55082
- Stillwater Public Library
223 N. 4th Street
Stillwater, MN 55082
- Bayport Public Library
582 N. 4th Street
Bayport, MN 55003
- Stillwater Senior High School
5701 N. Stillwater Blvd.
Stillwater, MN 55082

- Stillwater Jr. High School
523 W. Marsh St.
Stillwater, MN 55082
 - Anderson Elementary
309 N. 4th St.
Bayport, MN 55003
 - Lily Lake Elementary
2003 W. Willard St.
Stillwater, MN 55082
 - Oak Park Elementary
6355 N. Osman Ave.
Stillwater, MN 55082
 - Rutherford Elementary
115 Rutherford Road
Stillwater, MN 55082
 - Stonebridge Elementary
900 N. Owens St.
Stillwater, MN 55082
 - #834 School Dist. Cent. Serv. Bldg.
1875 S. Greeley St.
Stillwater, MN 55082
 - New Heights Charter School
614 West Mulberry Street
Stillwater, MN 55082
6. Grantee will provide upon request a System connection to the St. Croix Alternative Learning Center for which the Learning Center will reimburse Grantee its cost of time and materials and, in such event, free Basic Cable Service and MediaOne Express, or equivalent, to one outlet therein.
 7. As of the completion of the system upgrade, Grantee will meet the technical and service standards for the Institutional Networks set forth in Exhibit B.
 8. **Interconnection.** The Institutional Network servicing Bayport, Baytown Township, Oak Park Heights, Stillwater and Stillwater Township will continue to be completely

interconnected internally. In addition, Grantee shall make the following capacity available for external interconnection purposes: two (2) six (6) MHZ channels for forward video or data purposes, two (2) six (6) MHZ channels for return video or data purposes between all institutional networks of Systems adjacent to the Central St. Croix System and under common ownership with Grantee.

SECTION 8.

OPERATION AND ADMINISTRATION PROVISIONS

1. **Administration of Franchise.** The Grantor or other designee shall have continuing regulatory jurisdiction and supervision over the System and the enforcement of Grantee's compliance under the Franchise. The Grantor, or its designee, may issue such reasonable rules and regulations concerning the construction, operation and maintenance of the System as are consistent with the provisions of the Franchise and law.
2. **Franchise Fee.**
 - a. During the term of the Franchise, Grantee shall pay quarterly to Grantor or its delegatee a Franchise Fee in an amount equal to five percent (5%) of its quarterly Gross Revenues.
 - b. Any payments due under this provision shall be payable quarterly. The payment shall be made within thirty (30) days of the end of each of Grantee's fiscal quarters together with a report showing the basis for the computation.
 - c. All amounts paid shall be subject to audit and recomputation by Grantor and acceptance of any payment shall not be construed as an accord that the amount paid is in fact the correct amount.
3. **Access to Records.** The Grantor shall have the right to inspect, upon reasonable notice and during normal business hours, or require Grantee to provide within a reasonable time copies of any records maintained by Grantee which relate to Grantee's obligations under this Franchise including specifically Grantee's accounting and financial records.
4. **Reports and Maps to be Filed with City.**
 - a. Grantee shall file with the Grantor, at the time or payment of the Franchise Fee, a report of all Gross Revenues in form and substance as reasonably required by Grantor.
 - b. If required by Grantor, Grantee shall furnish to and file with Grantor or Member Cities the maps, plats, and permanent records of the location and character of all

facilities constructed, including underground facilities, and Grantee shall file with Grantor updates of such maps, plats and permanent records not more than annually if changes have been made in the System.

5. Periodic Evaluation.

- a. The Grantor may require evaluation sessions at the fourth, eighth, and twelfth anniversary years of this Franchise, upon written notice to Grantee.
- b. Topics which may be discussed at any evaluation session may include, but are not limited to, application of new technologies, System performance, programming offered, access channels, facilities and support, municipal uses of cable, subscriber rates, customer complaints, amendments to this Franchise, judicial rulings, FCC rulings, line extension policies and any other topics Grantor and Grantee deem relevant.
- c. As a result of a periodic review or evaluation session, upon notification from Grantor, Grantee shall meet with Grantor and undertake good faith efforts to reach agreement on any changes and modifications to the terms and conditions of the Franchise which are mutually acceptable and economically and technically feasible.

SECTION 9.

GENERAL FINANCIAL AND INSURANCE PROVISIONS

1. Performance Bond.

- a. At the time the Franchise becomes effective and at all times thereafter, until the Grantee has liquidated all of its obligations with Grantor, the Grantee shall furnish a bond to Grantor in the amount of \$100,000, which shall be reduced to \$10,000 upon completion of the System upgrade referenced in Section 4 of this Franchise, in a form and with such sureties as reasonably acceptable to Grantor. This bond will be conditioned upon the faithful performance by the Grantee of its Franchise obligations and upon the further condition that in the event the Grantee shall fail to comply with any law, ordinance or regulation governing the Franchise, there shall be recoverable jointly and severally from the principal and surety of the bond any damages or loss suffered by Grantor or Member Cities as a result, including the full amount of any compensation, indemnification or cost of removal or abandonment of any property of the Grantee, plus a reasonable allowance for attorneys' fees and costs, up to the full amount of the bond, and further guaranteeing payment by the Grantee of claims, liens and taxes due Grantor or Member Cities which arise by reason of the construction, operation, or maintenance of the System. The rights reserved by Grantor with respect to the bond are in addition to all other rights

Grantor may have under the Franchise or any other law. Grantor may, from year to year, in its sole discretion, reduce the amount of the bond.

- b. The time for Grantee to correct any violation or liability, shall be extended by Grantor if the necessary action to correct such violation or liability is, in the sole determination of Grantor, of such a nature or character as to require more than thirty (30) days within which to perform, provided Grantee provides written notice that it requires more than thirty (30) days to correct such violations or liability, commences the corrective action within the thirty (30) days period and thereafter uses reasonable diligence to correct the violation or liability.
- c. In the event this Franchise is revoked by reason of default of Grantee, Grantor shall be entitled to collect from the performance bond that amount which is attributable to any damages sustained by City as a result of said default or revocation.
- d. Grantee shall be entitled to the return of the performance bond, or portion thereof, as remains sixty (60) days after the expiration of the term of the Franchise or revocation for default thereof, provided Grantor has not notified Grantee of any actual or potential damages incurred as a result of Grantee's operations pursuant to the Franchise or as a result of said default.
- e. The rights reserved to Grantor with respect to the performance bond are in addition to all other rights of Grantor or Member Cities whether reserved by this Franchise or authorized by law, and no action, proceeding or exercise of a right with respect to the performance bond shall affect any other right Grantor or Member Cities may have.

2. Security Fund.

- a. Grantee shall maintain on deposit in a bank account, established by Grantor through the term of this Franchise, the sum of Five Thousand Dollars (\$5,000) as security for the faithful performance by it of all the provisions of this Franchise, and compliance with all lawful Orders of Grantor and the payment by Grantee of any claim liens and taxes due Grantor which arise by reason of the construction, operation or maintenance of the System. Interest accrued on this deposit shall remain with the deposit as additional security unless after periodic review Grantor determines, in its reasonable discretion, to rebate all or part of the accrued interest or to reduce the required amount of the security fund. Provisions shall be made to permit the administrator designated in this Franchise to withdraw funds for the security fund. Neither Grantor nor Grantee shall use the security fund for other purposes and shall not assign, pledge or otherwise use this security fund as security for any purpose.
- b. Within thirty (30) days after notice to it that any amount has been withdrawn by Grantor from the security fund pursuant to Subdivision a of this section, Grantee

shall deposit a sum of money sufficient to recoup such security fund to the original amount of \$5,000.

3. **Penalties from Security Fund.** Subject to recovery of any monies owed by Grantee to Grantor for damages, or any other remedies, as a result of any acts or omissions by Grantee pursuant to the Franchise, Grantor may charge to and collect from the Security Fund the following penalties after completion of all due process protections including the procedures set forth in Section 9(4) of this Franchise:
 - a. For failure to comply with any of the provisions of this Franchise for which a penalty is not otherwise specifically provided pursuant to this section, the penalty shall be Twenty-five Dollars (\$25.00) per day for each day, or part thereof, that such failure occurs or continues.
 - b. For failure to provide data, documents, reports or information to grantor as may be required herein, the penalty shall be Twenty-five Dollars (\$25.00) per day for each day, or part thereof, such failure occurs or continues.
 - c. For failure to provide the services required by this Franchise, including but not limited to requirements with respect to public, educational or governmental access channels or related support, the penalty shall be One Hundred Dollars (\$100.00) per day for each day, or part thereof, that such failure occurs or continues.
 - d. Each violation of any provision to this Franchise shall be considered a separate violation for which a separate penalty can be imposed.
 - e. In each of the above situations, the Grantor will be afforded ten (10) days within receipt of a written notice from Grantor within which to cease the violation or notify the Grantor of dispute pursuant to Section 9(4) of this Franchise and thereby avoid the penalty specified herein.
4. **Procedure.** Whenever Grantor finds that Grantee has violated one (1) or more terms, conditions or provisions of this Franchise, a written notice shall be promptly given to Grantee informing it of such violation or liability. Grantee may, within ten (10) days of notice, notify Grantor that there is a dispute as to whether a violation or failure has, in fact, occurred. Such notice by Grantee to Grantor shall specify with particularity the matters disputed.
 - a. Grantor shall hear Grantee's dispute at its next regularly scheduled meeting. Grantor shall supplement the decision with written findings of fact.

- b. Upon a determination by Grantor that a violation or liability exists, Grantor may withdraw appropriate sums from the security fund. Grantee shall pay all costs associated with hearing the appeal.
- c. The Security Fund deposited pursuant to this section shall become the property of Grantor in the event that the Franchise is cancelled by reason of the default of Grantee or revoked for cause. Grantee, however, shall be entitled to the return of such Security Fund, or portion thereof, as remains on deposit at the expiration of the term of the Franchise, or upon termination of the Franchise at an earlier date, provided that there is then no outstanding default on the part of Grantee.
- d. The rights reserved to Grantor with respect to the Security Fund are in addition to all other rights of Grantor, whether reserved by this Franchise or authorized by law, and no action, proceeding or exercise of a right with respect to such Security Fund shall affect any other right Grantor may have.
- e. Grantor reserves the right, in its reasonable discretion, to award Grantee for prompt and good performance in the construction and maintenance and operation of the System. Grantor may rebate to Grantee all or any portion of accrued interest in the Security Fund because of early completion of the upgrade of the System or for such other reasons as may be determined, based on the periodic evaluation specified in this Franchise or at any time determined by Grantor.

5. Indemnification of Grantor and Member Cities.

- a. Grantor or Member Cities, their officers, boards, committees, commissions, elected officials, employees and agents shall not be liable for any loss or damage to any real or personal property of any Person, or for any injury to or death of any Person, arising out of or in connection with Grantee's construction, operation, maintenance, repair or removal of the System or as to any other action of Grantee with respect to this Franchise.
- b. Grantee shall indemnify, defend, and hold harmless Grantor and each Member City, its officers, boards, committees, commissions, elected officials, employees and agents, from and against all liability, damages, and penalties which they may legally be required to pay to a third party as a result of the Grantor's or Member City's exercise, administration, or enforcement of the Franchise.
- c. Nothing in this Franchise relieves a Person, from liability arising out of the failure to exercise reasonable care to avoid injuring the Grantee's facilities while performing work connected with grading, regarding, or changing the line of a Right-of-Way or public place or with the construction or reconstruction of a sewer or water system.

6. **Insurance.**

- a. As a part of the indemnification provided in Section 8.3, but without limiting the foregoing, Grantee shall file with Grantor at the time of its acceptance of this Franchise, and at all times thereafter maintain in full force and effect at its sole expense, a comprehensive general liability insurance policy, including broadcaster's/cablecaster's liability and contractual liability coverage, in protection of the Grantee, and the Grantor, Member Cities, their officers, elected officials, boards, commissions, agents and employees for any and all damages and penalties which may arise as a result of this Franchise. The policy or policies shall name the Grantor and each of the Member Cities and their respective officers, employees and agents.
- b. The policies of insurance shall be in the sum of not less than \$1,000,000.00 for personal injury or death of any one Person, and \$2,000,000.00 for personal injury or death of two or more Persons in any one occurrence, \$500,000.00 for property damage to any one person and \$2,000,000.00 for property damage resulting from any one act or occurrence.
- c. The policy or policies of insurance shall be maintained by Grantee in full force and effect during the entire term of the Franchise. Each policy of insurance shall contain a statement on its face that the insurer will not cancel the policy or fail to renew the policy, whether for nonpayment of premium, or otherwise, and whether at the request of Grantee or for other reasons, except after sixty (60) days advance written notice have been provided to Grantor.

SECTION 10.

SALE, ABANDONMENT, TRANSFER AND REVOCATION OF FRANCHISE

1. **Grantor's Right to Revoke.**

- a. In addition to all other rights which Grantor or any Member City has pursuant to law or equity, Grantor reserves the right to commence proceedings to revoke, terminate or cancel this Franchise, and all rights and privileges pertaining thereto, if it is determined by Grantor that:
 - i. Grantee has violated material provisions(s) of this Franchise; or
 - ii. Grantee has attempted to evade any of the provisions of the Franchise; or
 - iii. Grantee has practiced fraud or deceit upon Grantor.

Grantor may revoke this Franchise without the hearing required by 9.2(b) herein if Grantee is adjudged a bankrupt.

2. **Procedures for Revocation.**

- a. Grantor shall provide Grantee with written notice of a cause for revocation and the intent to revoke and shall allow Grantee thirty (30) days subsequent to receipt of the notice in which to correct the violation or to provide adequate assurance of performance in compliance with the Franchise. In the notice required herein, Grantor shall provide Grantee with the basis of the revocation.
- b. Grantee shall be provided the right to a public hearing affording due process before the Grantor prior to the effective date of revocation, which public hearing shall follow the thirty (30) day notice provided in subparagraph (a) above. Grantor shall provide Grantee with written notice of its decision together with written findings of fact supplementing said decision.
- c. Only after the public hearing and upon written notice of the determination by Grantor to revoke the Franchise may Grantee appeal said decision with an appropriate state or federal court or agency.
- d. During the appeal period, the Franchise shall remain in full force and effect unless the term thereof sooner expires or unless continuation of the Franchise would endanger the health, safety and welfare of any person or the public.

3. **Abandonment of Service.** Grantee may not abandon the System or any portion thereof without having first given three (3) months written notice to Grantor. Grantee may not abandon the System or any portion thereof without compensating Grantor or Member Cities for actual damages resulting from the abandonment, including all costs incident to removal of the System, if reasonably required.

4. **Removal After Abandonment, Termination or Forfeiture.**

- a. In the event of termination or forfeiture of the Franchise or abandonment of the System, Grantor shall have the right to require Grantee to remove all or any portion of the System from all Rights-of-Way and public property within any Member City.
- b. If Grantee has failed to commence removal of System, or such part thereof as was designated by Grantor, within thirty (30) days after written notice of Grantor's demand for removal is given, or if Grantee has failed to complete such removal within twelve (12) months after written notice of Grantor's demand for removal is given, Grantor shall have the right to apply funds secured by the Performance Bond toward removal and/or declare all right, title, and interest to the System to be in

Grantor with all rights of ownership including, but not limited to, the right to operate the System or transfer the System to another for operation by it.

5. **Sale or Transfer of Franchise.**

- a. No sale or transfer of the Franchise, or sale, transfer, or fundamental corporate change of or in Grantee, including, but not limited to, a fundamental corporate change in Grantee's parent corporation or any entity having a controlling interest in Grantee, the sale of a controlling interest in the Grantee's assets, a merger including the merger of a subsidiary and parent entity, consolidation, or the creation of a subsidiary or affiliate entity, shall take place until a written request has been filed with Grantor requesting approval of the sale, transfer, or corporate change and such approval has been granted or deemed granted; provided, however, that said approval shall not be required where Grantee grants a security interest in its Franchise and/or assets to secure an indebtedness, or if through corporate reorganization Grantee, Franchise and/or Grantee's assets are transferred to or otherwise become owned by an entity which is under common ownership, actual or beneficial, by any entity which either owned or controlled Grantee prior to such corporate reorganization.
- b. Any sale, transfer, exchange or assignment of stock in Grantee, or Grantee's parent corporation or any other entity having a controlling interest in Grantee, so as to create a new controlling interest therein, shall be subject to the requirements of this Section 10.5. The term "controlling interest" as used herein is not limited to majority stock ownership, but includes actual working control in whatever manner exercised.
- c. The Grantee shall file all documents, forms and information required to be filed by applicable law and upon request of Grantor, any other documents necessary to understand the terms of the transaction.
- d. Grantor shall have such time as is permitted by federal law in which to review a transfer request.
- e. Any transferee or assignee must be fully obligated herein, which requirement shall be deemed a condition of any consent or approval granted by Grantor.
- f. In the event of any proposed sale, transfer, corporate change, or assignment pursuant to subparagraph (a) or (b) of this Section, Grantor shall have the right to purchase the System for the value of the consideration proposed in such transaction. Grantor's right to purchase shall arise upon Grantor's receipt of notice of the material terms of an offer or proposal for sale, transfer, corporate change, or assignment, which Grantee has accepted. Notice of such offer or proposal must be conveyed to Grantor in writing and separate from any general announcement of the transaction.

- g. Grantor shall be deemed to have waived its right to purchase the System pursuant to this Section in the following circumstances:
- i. If Grantor does not indicate to Grantee in writing, *within sixty (60) days of receipt of written notice of a proposed sale, transfer, corporate change, or assignment as contemplated in Section 10.5 f. above*, its intention to exercise its right of purchase; or
 - ii. It approves the assignment or sale of the Franchise as provided within this Section.
- h. At time of consideration of consent to transfer this Franchise, Grantor may address in any lawful fashion any material noncompliance by Grantee with any requirement herein.

SECTION 11.

PROTECTION OF INDIVIDUAL RIGHTS

1. **Discriminatory Practices Prohibited.** Grantee shall not deny service, deny access, or otherwise discriminate against Subscribers or general citizens on the basis of race, color, religion, national origin, sex, age, affectional preference, or disability. Grantee shall comply at all times with all other applicable federal, state, and city laws, and all applicable executive and administrative orders relating to nondiscrimination.
2. **Subscriber Privacy.** Grantee shall comply with all applicable federal, state and local privacy laws.

SECTION 12.

UNAUTHORIZED CONNECTIONS AND MODIFICATIONS

1. **Unauthorized Connections or Modifications Prohibited.** It shall be unlawful for any firm, Person, group, company, corporation, or governmental body or agency, without the express consent of the Grantee, to make or possess, or assist anybody in making or possessing, any unauthorized connection, extension, or division, whether physically, acoustically, inductively, electronically or otherwise, with or to any segment of the System or receive services of the System without Grantee's authorization.
2. **Removal or Destruction Prohibited.** It shall be unlawful for any firm, Person, group, company, or corporation to willfully interfere, tamper, remove, obstruct, or damage, or assist thereof, any part or segment of the System for any purpose whatsoever, except for any rights any Member City may have pursuant to this Franchise or its police powers.

3. **Penalty.** Any firm, Person, group, company, or corporation found guilty of violating this section may be fined by Grantor or any Member City not less than Twenty Dollars (\$20.00) and the costs of the action nor more than Five Hundred Dollars (\$500.00) and the costs of the action for each and every subsequent offense. Each continuing day of the violation shall be considered a separate occurrence.

SECTION 13.

MISCELLANEOUS PROVISIONS

1. **Franchise Renewal.** Any renewal of this Franchise shall be performed in accordance with applicable federal, state and local laws and regulations. The term of any renewed Franchise shall be limited to a period not to exceed fifteen (15) years.
2. **Work Performed by Others.** All applicable obligations of this Franchise shall apply to any subcontractor or others performing any work or services pursuant to the provisions of this Franchise, however, in no event shall any such subcontractor or other performing work obtain any rights to maintain and operate a System or provide Cable Service. Upon request, Grantee shall provide notice to Grantor of the name(s) and address(es) of any entity, other than Grantee, which performs substantial services pursuant to this Franchise.
3. **Amendment of Franchise Ordinance.** Grantee and Grantor may agree, from time to time, to amend this Franchise. Such written amendments may be made subsequent to a review session pursuant to Section 7.5 or at any other time if Grantor and Grantee agree that such an amendment will be in the public interest or if such an amendment is required due to changes in federal, state or local laws. Provided, however, nothing herein shall restrict any Member City's exercise of its police powers.
4. **Compliance with Federal, State and Local Laws.**
 - a. If any federal or state law or regulation shall require or permit Grantor or Grantee to perform any service or act or shall prohibit Grantor or Grantee from performing any service or act which may be in conflict with the terms of this Franchise, then as soon as possible following knowledge thereof, either party shall notify the other of the point in conflict believed to exist between such law or regulation. Grantee and Grantor shall conform to state laws and rules regarding cable communications not later than one year after they become effective, unless otherwise stated, and to conform to federal laws and regulations regarding cable as they become effective.
 - b. If any term, condition or provision of this Franchise or the application thereof to any Person or circumstance shall, to any extent, be held to be invalid or unenforceable, the remainder hereof and the application of such term, condition or provision to Persons or circumstances other than those as to whom it shall be held invalid or

unenforceable shall not be affected thereby, and this Franchise and all the terms, provisions and conditions hereof shall, in all other respects, continue to be effective and complied with provided the loss of the invalid or unenforceable clause does not substantially alter the agreement between the parties. In the event such law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision which had been held invalid or modified is no longer in conflict with the law, rules and regulations then in effect, said provision shall thereupon return to full force and effect and shall thereafter be binding on Grantee and Grantor.

5. **Nonenforcement by Grantor.** Grantee shall not be relieved of its obligations to comply with any of the provisions of this Franchise by reason of any failure or delay of Grantor or any Member City to enforce prompt compliance. Grantor may only waive its rights by expressly so stating in a writing authorized by action of the Grantor.
6. **Rights Cumulative.** All rights and remedies given to Grantor by this Franchise or retained by Grantor herein shall be in addition to and cumulative with any and all other rights and remedies, existing or implied, now or hereafter available to Grantor, at law or in equity, and such rights and remedies shall not be exclusive, but each and every right and remedy specifically given by this Franchise or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed expedient by Grantor and the exercise of one or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy.
7. **Grantee Acknowledgment of Validity of Franchise.** Grantee and Grantor each acknowledge that it has had an opportunity to review the terms and conditions of this Franchise and that under current law each believes that said terms and conditions are not unreasonable or arbitrary, and that each believes that each party has the power to make the terms and conditions contained in this Franchise.

SECTION 14.

PUBLICATION EFFECTIVE DATE; ACCEPTANCE AND EXHIBITS

1. **Publication: Effective Date.** A summary of this Franchise shall be published in accordance with applicable local and Minnesota law and Grantee shall pay such costs of publication. The Effective Date of this Franchise shall be the date of acceptance by Grantee in accordance with the provisions of Section 14.2.
2. **Acceptance.**
 - a. Grantee shall accept this Franchise within sixty (60) of its enactment by the Grantor, unless the time for acceptance is extended by Grantor. Such acceptance by the Grantee shall be deemed the grant of this Franchise for all purposes provided, however, this Franchise shall not be effective until all Grantor ordinance adoption procedures are complied with and all applicable timelines have run for the adoption

of a Grantor ordinance. In the event acceptance does not take place, or should all ordinance adoption procedures and timelines not be completed, this Franchise and any and all rights granted hereunder to Grantee shall be null and void.

- b. Upon acceptance of this Franchise, Grantee and Grantor and each Member City shall be bound by all the terms and conditions contained herein.
- c. Grantee shall accept this Franchise in the following manner:
 - i. This Franchise will be properly executed and acknowledged by Grantee and delivered to Grantor.
 - ii. With its acceptance, Grantee shall also deliver any grant payments, performance bond and insurance certificates required herein that have not previously been delivered.

Passed and adopted this 19th day of May, 1999.

ATTEST:

GRANTOR

By: Jerry Turnquist
Its: Chair

Jerry Turnquist, Chairman
Central SCV Cable Commission

By: Ann Marie Bodlovick
Its: Vice-Chair

Ann Marie Bodlovick, Vice Chair
Central SCV Cable Commission

ACCEPTED: This Franchise is accepted and we agree to be bound by its terms and conditions.

Dated: 6-8-99

By: J. A. H.
Its: Vice-President + General Manager

Jeffrey A. Harkman
Vice President & General Manager
MediaOne

EXHIBIT A

SUBSCRIBER SYSTEM UPGRADE DESIGN AND CONSTRUCTION

Grantee proposes that the subscriber system serving the Central St. Croix Valley will be enhanced from the current 450 MHZ, 64 channel system to a 750 MHZ system offering dramatically more channel capacity, higher signal quality, more reliability and more features upon completion of the upgrade. The design for the upgrade includes the following features:

- The subscriber network will be upgraded to 750 MHZ capacity. All plant equipment utilized in the trunk and feeder portion of the cable, up to the tap, will be capable of carrying up to 750 MHZ of bandwidth immediately upon upgrade. Grantee plans to initially activate 550 MHZ of the bandwidth, with the capacity to program approximately 80 downstream with phased activation launches as nodes are completed. This leaves an additional 200 MHZ capacity available for future activation of additional video channels, digital services, and other services.
- Hybrid fiber-coaxial architecture will be deployed. It is anticipated that a "super headend" in Roseville will be developed and that a distribution hub will serve the Central St. Croix area. The system upgrade will be developed with "nodes." Grantee plans to have each node serve an average of approximately 500 homes, and, upon completion of the upgrade, each such node will be connected by optical fibers.
- The subscriber RF system will accommodate and be capable of providing return signals in 5-40 MHZ bandwidth upon completion of upgrade.
- Standby power in the form of back-up batteries for system power supplies will be in place for all power supplies for the system. The super headend and hub will be backed up by using fuel-run generators, not relying on commercial power. The generators will keep all channels operational as long as fuel supplies are adequate.
- Status monitoring will occur at the system power supplies.
- The system will use non-interruptible power passing taps.
- The system will have the capability to receive and pass through all local broadcast signals in digital format as required by applicable federal rules and regulations and in compliance with applicable FCC mandated time lines.
- The system will permit all channels available to Grantee in stereo to be passed through to the subscriber who has a stereo television set in BTSC stereo format.
- The system will utilize automatic audio level control devices to correct much of any volume disparity between channels and programs on all channels except the off-air broadcasters.

- The upgrade project will be completed by December 31, 2000.

EXHIBIT B

INSTITUTIONAL NETWORK

1. Grantee proposes to continue to provide to the institutional buildings currently served by Grantee's Institutional Network an Institutional Network within the frequency spectrum of 5-450 MHZ.
2. The Institutional Network will have stand-by power with full battery placement.
3. The Institutional Network will be upgraded by introduction of four (4) count fiber into the Institutional Network resulting in a reduction of most amplifier cascades to no more than 13 amplifiers deep in current active user location and migrating the Institutional Network to a hybrid fiber-coax system.
4. Grantee will make available to Grantor on the Institutional Network twenty one (21) six (6) MHZ analog channels downstream (from headend to institution) and twelve (12) six (6) MHZ analog channels upstream (from institution to headend) for video or data uses at no charge for the bandwidth. Grantee shall have no responsibility to provide end-user equipment for use by institutional users.
5. Grantee will retain for its own use fifteen (15) six (6) MHZ analog channels upstream and fifteen (15) six (6) MHZ analog channels downstream of capacity in the 5-450 MHZ spectrum available on the Institutional Network.
6. Use of the Institutional Network by the Cable Commission, cities, or designated institutions will be limited to their own uses and no institution may provide any service to any third party.
7. Grantee will allow designated institutions to purchase their own equipment or lease end-user equipment to requesting institutions.
8. In addition to the institutional buildings currently being served by the Institutional Network, Grantee will, upon request, extend the Institutional Network to existing public institutional buildings on a cost-sharing basis. Grantee will provide the 1st 500 feet of construction and the institution will be responsible for the cost of the construction of plant beyond 500 feet. Institutions built in the future will be provided Institutional Network and subscriber network on a cost basis.

PERFORMANCE STANDARDS

Upon completion of I-Net:

1. Video Transmission

A. Video transmission will comply with the following performance: Standards:

1. Carrier to noise ratio = 45dB or better
2. Carrier to composite triple beat = 53dB or better
3. Carrier to composite second order = 55dB or better
4. Carrier to cross modulation = 55dB or better
5. System signal level variations (peak to valley) = $\div 10 + 2$ or better for all coaxial cable portion of the I-Net (where N = the number of amplifiers in cascade).

B. Testing will occur twice yearly following the timing established in CFR 76.601 and 76.605.

1. From the institution to the longest subscriber cascade.
2. From the institution through the applicable headend/hub site returning back to the same institution.
3. Performed using existing I-Net carriers active at the time of the testing, which will subject them to service interruptions.
4. Completed at Company-designated entry demarcation point at the institution.
5. The system will meet calculated worst case fully loaded video and audio measurements, taking into consideration existing I-Net loading at the time the measurement is taken.
6. Under ordinary operating conditions.

2. Digital Transmission

A. For I-Net that is 50% or more coaxial cable, a Bit Error Rate of 1×10^{-8} at the demarcation point.

1. Outage times not included
2. Ordinary operating conditions

B. For I-Net that is 50% or more coaxial cable, a Bit Error Rate of 1×10^{-9} at the demarcation point.

1. Outage time not included
2. Ordinary operating conditions

- C. For both coaxial and fiber network, the company will meet or exceed a reliability factor of 99.965% on an annual basis.
- D. Testing will occur twice yearly, during the months of January/February and July/August.

These standards will be in place upon completion of the I-Net but will be revisited and modified by mutual agreement as appropriate once an operating history is developed and as technology develops.

INSTITUTIONAL NETWORK CUSTOMER SERVICE SUPPORT

Repair and Maintenance

1. Company will provide a repair force of technicians capable of responding properly to all requests for service by I-Net Users and available on 7 X 24 X 365 basis.
2. Under normal operating conditions, the initial page to the technician on call will be within a 30-minute time frame. Barring situations that are outside the control of the company (i.e., physical damage to the network caused by third parties not under the control of the cable company, weather related restriction, etc.), the company will continue to work on a service problem until it is resolved and complete its resolution of such problem within eight (8) hours, if resolution of such problem is within control of the company.
3. Fiber may be incorporated, where necessary, to reduce amplifier cascades to meet performance standards. Where possible, fiber nodes may be located within the building or facility of the I-Net User provided there is no additional cost to the company.
4. I-Net Users will be notified at least forty-eight (48) hours in advance of any scheduled maintenance that will interrupt service on the I-Net, unless I-Net Users agree to waive such time frame. Where possible, such maintenance will be scheduled at times of low usage.

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